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REPORT

TO THE

COMMITTEE ON THE BUDGET

FROM THE

COMMITTEE ON VETERANS' AFFAIRS SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 2010



MARCH 13, 2008.—Printed for the use of the Committee on Veterans'
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DEMOCRAT LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 13, 2009.

Hon. JOHN SPRATT,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to §301(d) of the Congressional Budget Act of 1974, and House Rule X, clause 4(f), and Rule 7 of the Rules of the Committee on Veterans' Affairs, the Committee on Veterans' Affairs hereby submits its Views and Estimates with regard to programs and matters within the jurisdiction of the Committee to be set forth in the concurrent resolution on the budget for fiscal year 2010. The Minority will be submitting Additional and Dissenting Views under separate cover.

Caring for our veterans is an ongoing cost of war, and a continuing cost of our national defense. As a Congress, and a nation, we must fulfill our obligations to the men and women who have served. We hope that you will carefully consider these Committee views and estimates. We have a lot of work ahead of us if we are to keep our promises to veterans. Working together, we can make sure that our veterans are not forgotten, and that we meet our obligations to them as a nation.

Sincerely,

Bob Filner, *Chairman*; Corrine Brown, Vic Snyder,
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Committee on Veterans' Affairs

U.S. House of Representatives

111th Congress

Views and Estimates

FY 2010

March 13, 2009

INTRODUCTION

On February 26, 2009, the Administration submitted its preliminary FY 2010 budget. This 134-page document, entitled *A New Era of Responsibility: Renewing America's Priorities*, provides scant detail regarding the VA's FY 2010 budget. By necessity, this year's Views and Estimates will not contain the same level of detailed analysis and individual account recommendations as in previous years.

Because of the lack of details regarding non-VA programs in this year's preliminary budget, the Committee will not be making recommendations regarding the Veterans Employment and Training Service of the Department of Labor, the American Battle Monuments Commission, and the U.S. Court of Appeals for Veterans Claims.

SECTION 1—DISCRETIONARY ACCOUNTS

DEPARTMENT OF VETERANS AFFAIRS

For FY 2010, the Administration is requesting \$52.5 billion for the discretionary accounts of the Department of Veterans Affairs (VA). This request is \$4.9 billion, or 10.3 percent, over FY 2009 enacted levels. The Administration is estimating a total resource level, including medical care collections, of \$55.9 billion for FY 2010. This overall level is \$1.3 billion over the recommendations of the Independent Budget, which is co-authored by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars. This year marks the first time in the 23-year history of the Independent Budget that an administration has proposed a budget that exceeds its recommendations.

For the second year, the Independent Budget has included amounts attributable to medical care collections in its funding level recommendation for the Medical Services account. The Independent Budget argues that amounts for discretionary programs of the VA should be fully appropriated and hence collections should not be included. The Independent Budget is silent regarding how resources realized through medical collections should be spent by the Depart-

ment, or even if the VA should continue to collect for the provision of health care services for non-service-connected conditions. In order to more accurately compare budget numbers, amounts attributable to medical care collections should be added to the discretionary appropriations request, or conversely, the amount estimated for collections should be subtracted from the Independent Budget request.

The Committee¹ is recommending \$53.3 billion for the discretionary accounts of the Department of Veterans Affairs (VA) for FY 2010. This recommendation is an increase of \$5.7 billion, or 12 percent over the FY 2009 enacted level of \$47.6 billion, and \$800 million, or 1.5 percent, above the Administration's request.

The Administration's number for total resources for discretionary programs for FY 2010 indicates an appropriations level of \$52.5 and an amount attributable to collections of \$3.4 billion. The VA saw an 11 percent increase in collections from FY 2007 to FY 2008, and is estimating \$2.5 billion in collections for FY 2009. The Administration's estimate would represent an increase in collections of \$900 million, or 36 percent, from FY 2009 estimated levels.

The Committee is estimating that the VA will realize at least \$2.8 billion in medical care collections in FY 2010. When this amount is added to the recommended level of appropriated discretionary funding the Committee is recommending an overall level of resources for the VA of \$56.1 billion. This represents an increase of \$200 million over the Administration's proposed total resource level of \$55.9 billion and \$1.5 billion above the Independent Budget recommendation of \$54.6 billion.

The Committee is concerned that the VA may find it difficult to realize an increase of 36 percent in collections using existing authorities, even with the increase in the number of Priority 8 veterans allowed into the system this fiscal year. The Committee recommends that an additional \$600 million above the Administration's request be provided in appropriated dollars in order to safeguard the provision of health care to veterans. The Committee believes this is a prudent step as it awaits further details regarding the Administration's budget request. As further details are provided and the Committee is assured that the VA can collect these additional revenues using current authorities, then the Committee would recommend that these additional dollars be used by the VA to further improve access to care and enhance specialty care programs, including long-term care.

The Committee's recommended funding level for FY 2010 also includes an additional \$200 million to augment the VA account that funds discretionary activities of the Veterans Benefits Administration and the Department's General Administration activities. The Committee recommends providing this increase to safeguard VA claims activities and to assist the Department in beginning its transformation into a 21st Century organization, a goal outlined by the new Administration.

¹ While the Views and Estimates reflect a consensus effort, the Committee wishes to note that not all Members of the Committee necessarily agree with every aspect of the report. Accordingly, the Committee reserves its flexibility to determine program needs and recognizes the potential for funding changes as the Committee and Congress work their will through the legislative process.

FY 2010 VA DISCRETIONARY BUDGET REQUEST

[\$ in billions]

	FY 2009 Enacted	FY 2010 Independent budget	FY 2010 President's request	FY 2010 Committee recommenda- tion	Committee vs. Enacted	Committee vs. President's request
VA Discretionary	47.6	54.6 ¹ (51.8)	52.5	53.3	+5.7	+0.8
Medical Care Collections	2.5	0	3.4	2.8	+0.3	-0.6
Total Resources Discretionary (with collections)	50.1	54.6	55.9	56.1	+6.0	+0.2

¹To assist in the analysis of the varying budget proposals, the figure in parentheses (\$51.8) represents the Committee's estimate as to collections subtracted from the recommended level in order to better compare realistic appropriations levels.

The Committee is pleased to note that the Administration's budget request marks a sharp departure from Bush Administration budgets in assuming out-year increases for veterans' spending. For FY 2009, the Bush Administration submitted a budget that assumed a net five-year cut of \$20 billion. The preliminary budget for FY 2010 assumes a five-year increase of \$25 billion over baseline estimates.

When the Administration submits a detailed budget in April, the Committee plans to revisit its recommended funding level, if warranted. The Committee believes that its recommended level of \$53.3 billion provides the resources to enable the VA to meet its responsibilities in FY 2010 in all VA accounts, but retains an interest in ensuring that specific accounts are funded at sufficient levels.

The Committee remains committed to working diligently to ensure that VA budgets are sufficient to meet the needs of veterans and are in place at the beginning of the fiscal year. The Committee plans on addressing innovative ideas, such as advanced appropriations and other budgetary reforms, to ensure that veterans get the dollars they need when they need them and the VA is better able to plan and forecast to meet the challenges ahead.

VA MEDICAL CARE

VA medical care is considered to be comprised of three accounts: Medical Services, Medical Support and Compliance, and Medical Facilities. These three accounts, and Medical and Prosthetic Research, make up the funding levels for the Veterans Health Administration (VHA).

Including the recommended additional funding, the Committee believes that the proposed FY 2010 budget provides sufficient resources to provide the necessary funding levels for veterans' medical care. When the Committee's estimated collections level is factored in, the Committee believes that VHA accounts should be funded at levels that at least match the Independent Budget request. The Committee expects the VA to provide a robust research budget that does not rely on the ability of VA researchers to obtain other Federal research dollars in order to achieve increases above FY 2009 levels.

Consistent with the Committee's focus on improving health care access for rural veterans, the Committee will work to ensure that the VA's Office of Rural Health is sufficiently funded and staffed

at an appropriate level to spearhead and coordinate VA's efforts in this area.

The Committee applauds the Administration's efforts to end the enrollment ban on the enrollment of Priority 8 veterans and supports the VA's stated intent to accomplish this incrementally in order to safeguard current quality and timeliness standards. The Committee also looks forward to working with the Administration to improve mental health care treatment and services, as well as improve homeless programs and enhance outreach efforts. The Committee will also continue its focus on providing health care to returning servicemembers and veterans of past conflicts and look for ways to improve the VA's ability to address specific health care needs of veterans.

DEPARTMENTAL ADMINISTRATION
VETERANS BENEFITS ADMINISTRATION
INFORMATION TECHNOLOGY SYSTEMS
OFFICE OF INSPECTOR GENERAL

The General Operating Expenses (GOE) account provides discretionary funding for the Veterans Benefits Administration (VBA) and general administrative functions of the Department, including funding the Office of the Secretary, the Assistant Secretaries, the Office of the General Counsel, and the Board of Veterans Appeals. For FY 2009, GOE received \$1.8 billion in appropriated funding.

The Committee recommendation of \$53.3 billion includes an additional \$200 million for the GOE account. The Committee recommends providing this additional level of funding as it awaits further details regarding the Administration's proposal to shift the funding mechanism for contract examinations for disability compensation eligibility from mandatory to discretionary. The Committee is also looking to the Administration to provide the funding necessary to assist the VA as it begins its transformation into an organization more aligned with the needs of veterans and to beef up its strategic planning capabilities.

The Committee will also work to ensure that the VBA has the funding it needs in the short term to hire and train needed claims processors and to work to implement the reforms the VA's disability compensation system contained in P.L. 110-389, the Veterans Benefits Improvement Act of 2008. Over the long term, the Committee looks forward to working with the Administration and the VA to transform this system and utilize all available technologies and processes to address the claims backlog.

The Committee will look forward to receiving detailed funding information regarding the VA's Information Technology Systems (IT) account. The Committee will work to ensure that the VA has the resources to continue reforming its IT operation and that IT functions as a tool to improve the provision of benefits and services to veterans.

The Committee notes that the National Cemetery Administration received \$50 million as part of the American Recovery and Investment Act, P.L. 111-5. The Committee is hopeful that this account will be provided the resources it needs to maintain current services

and that additional funding is provided for the National Shrine Initiative.

The Office of Inspector General will be expected to do more in the next fiscal year, and the committee will look to the Administration to provide sufficient funding for this vital operation.

CONSTRUCTION AND GRANT PROGRAMS

For FY 2009, the VA received \$1.9 billion for its Construction, Major Projects, Construction, minor Projects, Grants for Construction of State Extended Care Facilities, and Grants for Construction of State Veterans Cemeteries. The Independent Budget has recommended \$2.3 billion for these accounts for FY 2010.

The American Recovery and Investment Act of 2009, P.L. 111-5, provided \$1.4 billion in funding for the VA, including \$150 million for Grants for Construction of State Extended Care Facilities. The VA, for FY 2009, identified \$434 million worth of Priority Group 1 projects. These projects have State matching funds in place. The FY 2009 appropriation of \$175 million and the \$150 million provided in the Recovery Act would still require an additional \$109 million to meet the total backlog in Priority Group 1 projects. A Funding level consistent with FY 2009 for this program would provide the \$109 million plus provide an additional \$66 million for new projects.

The Committee is hopeful that the Administration will request sufficient construction funding consistent with recent appropriations levels. The Committee looks forward to working with the Administration and the VA to better improve the VA's construction process and better enable the VA to provide the infrastructure needed to match current and future needs. The Committee also plans to work with the Administration and the VA to identify ways that VA can reduce energy consumption and costs and improve environmental sustainability.

SECTION 2—MANDATORY ACCOUNTS

On March 10, 2009, Secretary Shinseki testified before the Committee to outline the Administration's request for FY 2010. The Secretary indicated that the VA's mandatory account requirements would necessitate \$57 billion, an increase of \$9.7 billion, or 21 percent, over FY 2009 levels. The Committee is awaiting further details regarding this increase.

The Committee believes that there are many benefits programs administered by the VA that are in need of modernization, and many that need increases in order to fulfill the original intent of the underlying legislation. The Committee will also look to work with the VA and veterans to consider major overhauls in the manner in which benefits claims are handled to make the claims process a model of fairness and efficiency. Many of these reforms and changes will require additional mandatory expenditures, at least in the short term.

The Committee is cognizant of the need for fiscal restraint and the PAYGO requirements under the Rules of the House of Representatives to offset increases in mandatory spending, and plans on working with other committees, where appropriate, to improve

benefits for veterans. The Committee encourages the Committee on the Budget to consider the creation of a reserve fund or other budgetary mechanism that may assist the Committee as it begins the process of examining ways in which to modernize the VA's disability claims system.

ADDITIONAL VIEWS AND ESTIMATES, COMMITTEE ON VETERANS' AFFAIRS, FISCAL YEAR 2010

We agree with the Views and Estimates of the Committee on Veterans' Affairs Majority concerning the funding levels and priorities for veterans health and benefits programs and services for fiscal year 2010. We believe that with these recommendations, the President's budget will meet the needs of today's veterans and begin to address many of the more important challenges facing the Department of Veterans Affairs in the future.

However, we believe there is one issue that is not sufficiently addressed, namely the vital need to reform the budget and appropriations process to ensure that veterans health care programs receive sufficient, timely, and predictable funding, not just today, but far into the future. While funding for veterans health care has increased significantly in recent years, we believe it is essential that the Committee remain dedicated to securing both adequate and timely funding for veterans health care.

The services and operations of the Department of Veterans Affairs have continuously been hampered by a lack of predictable funding. In July 25, 2007, testimony to the Senate Committee on Veterans' Affairs detailed the operational difficulties consistently encountered by VA managers and officials due to the uncertainty of funding and resources.² For too many years, the VA has had to make do with insufficient budgets resulting in restricted access for many veterans. We remain concerned that late and unpredictable funding for VA medical care programs will delay the provision of care, diminish the quality of service, and result in less efficient use of funds.

The VA requires an assured source of funding in order to meet the demand for services and adequately maintain operational facilities. We conclude that the budget and appropriations processes for VA medical care programs can be significantly improved through advanced appropriations—a mechanism already utilized by the Committee on the Budget for select federal programs. Earlier this year, legislation was introduced, H.R. 1016, the Veterans Health Care Budget Reform and Transparency Act, which would authorize one-year advance appropriations for veterans medical care programs. An advance appropriation would provide the VA with up to a year in which to plan the most efficient and effective means to deliver care to an increasing number of veterans with increasingly complex medical conditions. The legislation would also improve the

² Joseph M. Manley, VA Medical Center Director (Retired), *Funding for VA Healthcare*, Senate Committee on Veterans' Affairs, 110th Congress 1st Session, 25 July 2007.

James W. Dudley, *Mandated VA Funding*, Senate Committee on Veterans' Affairs, 110th Congress 1st Session, 25 July 2007.

Former VA Official's Perspective on VA Health Care Appropriations: Operational Difficulties and Political Demands, Senate Committee on Veterans' Affairs, 110th Congress 1st Session, 25 July 2007.

transparency of VA's budget forecasting process, in order to aid the Committee on the Budget and the Committee on Appropriations in future development of appropriation bills that provide sufficient funding to meet the best estimate of anticipated demand for veterans health care services.

This legislation has been endorsed by virtually every major veterans and military service organization, including the four co-authors of The Independent Budget, the nine members of The Partnership for Veterans Health Care Budget Reform, and The Military Coalition, comprised of 35 military and veterans organizations. The legislation is also actively supported by the American Federation of Government Employees (AFGE). Advance appropriations have also been endorsed by two dozen former senior VA officials, regional and hospital directors, including former Secretary Anthony Principi, former Deputy Secretary Hershel Gober, and four prior Under Secretaries for Health, stretching back to 1994.

Our recommendation is that the Committee on the Budget work with the Committee on Veterans' Affairs to secure advanced appropriations to ensure that VA budgets are not only sufficient, but are available when needed. We intend to collaborate with our colleagues on the Committee on Veterans' Affairs to consider and report this legislation authorizing advance appropriations, working toward Congressional approval and final enactment this year. We ask the Budget Committee to remove any obstacles in the budget resolution to allow advance appropriations for veterans medical care in FY2011. Specifically, Section 302 of the FY2009 Budget Resolution (S. Con. Res. 70) provided a general point of order against advance appropriations. However, the FY2009 Budget Resolution delineated a specific list of programs not subject to that point of order. We recommend that the budget resolution for FY2010 include language that separately exempts all three VA medical care accounts (Medical Services, Medical Support and Compliance, and Medical Facilities) from any point of order against advance appropriations for FY2011.

MICHAEL H. MICHAUD.
STEPHANIE HERSETH SANDLIN.
HARRY E. MITCHELL.
JOHN J. HALL.
HARRY TEAGUE.
TIMOTHY J. WALZ.

ADDITIONAL VIEWS AND ESTIMATES, COMMITTEE ON VETERANS' AFFAIRS, FISCAL YEAR 2010

I write to submit an additional view into the record regarding the House Veterans Affairs Committee's Views and Estimates on the budget for FY 2010. The Committee's funding levels and priorities for veterans' health care display an unparalleled and long overdue commitment to the men and women who served our nation in uniform. However, I write to urge a greater commitment to mental health services, specifically in awarding veterans the compensation owed for the incurrence of Post Traumatic Stress Disorder.

For too long we have heard the harrowing stories of soldiers returning from war, bearing the scars and wounds of battle, only to face an adversarial process in seeking treatment and compensation. This is especially true for soldiers who have Post Traumatic Stress Disorder. In the Iraq and Afghanistan wars alone, over 100,000 veterans have been diagnosed with PTSD. Tragically, however, only 42,000 have been granted service-connected disability for their condition.

This is true for past conflicts as well. The disability claims backlog at the VA tops 800,000, a great majority of which are Vietnam Veterans seeking compensation for PTSD. These facts are a clear indication that current regulations at the VA are too stringent for veterans seeking disability benefits.

Many veterans have lost faith in their government and elected officials because of the hoops they have to jump through at the VA as well as the presumption in current law that they are scamming the system. We must work to restore their trust.

The main prohibitive factor to making the necessary changes is cost, which is why it is imperative that the budget allow for the resources to improve the system. CBO estimates that lowering the burdensome threshold that is currently denying veterans their urgently needed benefits would cost \$4.7 billion over 10 years. While this may seem expensive, a RAND study has determined that the cost of untreated PTSD to our nation could total \$6.2 billion over two years. In order to prevent this catastrophe, the budget needs to adequately fund the compensation that veterans have earned.

There is consensus among veterans that we need to improve the way PTSD claims are handled; legislation to fix the problem has been endorsed by the American Legion, the VFW, DAV, Military Order of the Purple Heart, IAVA, and other VSOs.

Addressing this issue in the budget would raise the profile of this need and publicly state to all those who serve their country that their government is indeed living up to its commitment to the men and women who sacrifice life and limb to defend it.

Again, I want to state that the Obama Administration and the House Veterans Affairs Committee have both done a tremendous job in displaying their commitment to veterans. However, I rec-

ommend that the Committee on the Budget work with the Committee on Veterans' Affairs to secure the funding to address this urgent and growing need for mental health compensation.

Sincerely,

JOHN J. HALL.

REPUBLICAN LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 13, 2009.

Hon. JOHN SPRATT,
*Chairman, Committee on the Budget,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: Pursuant to section 301(d) of the Congressional Budget Act of 1974, House Rule X, clause 4(f), and Rule 7 of the Rules of the Committee on Veterans' Affairs, I herewith submit to the Committee on the Budget the Views and Estimates of the Republican Members of the Committee on Veterans' Affairs regarding the Administration's fiscal year (FY) 2010 budget request for the Department of Veterans Affairs (VA) with regard to programs and matters within the jurisdiction of the Committee.

The Republican Views and Estimates address the major areas of focus that are critical to fulfilling our nation's commitment to veterans. This document reflects our enduring priorities, which include: providing care to veterans with service-connected disabilities, those with special needs, and the indigent; ensuring a seamless transition from military service to VA; and providing veterans with every opportunity to lead full, healthy lives. As you are aware, the Administration is still developing the details its FY 2010 budget request. The budget summary it provided did not address the funding for any specific VA program or activity. Therefore, please note that in formulating the attached Views and Estimates, Republican Members of the Committee relied on FY 2009 appropriated amounts as a baseline for their recommendations.

We look forward to working with our Committee's Majority Members as well as the Members of the Budget Committee to put forth a budget that will honor and enhance the lives of our nation's veterans, as well as remain fiscally responsible to the American taxpayer.

Sincerely,

Steve Buyer, Ranking Republican Member; Cliff Stearns, Deputy Ranking Republican Member; Jerry Moran, Committee Member; Henry E. Brown, Jr., Ranking Republican Member, Subcommittee on Health; Jeff Miller, Committee Member; John Boozman, Ranking Republican Member, Subcommittee on Economic Opportunity; Brian P. Bilbray, Committee Member; Doug Lamborn, Ranking Republican Member, Subcommittee on Disability Assistance and Memorial Affairs; Gus M. Bilirakis, Committee Member; Vern Buchanan, Committee Member; David P. Roe, Ranking Republican Member, Subcommittee on Oversight and Investigations.

REPUBLICAN VIEWS AND ESTIMATES FOR FISCAL YEAR (FY) 2010

March 13, 2009

OVERVIEW

For veterans' healthcare and program costs in fiscal year (FY) 2010, the Republican Members of the Committee on Veterans' Affairs recommend \$1.9 billion above the Administration's request for FY 2010. This represents a \$550 million increase in discretionary spending and a \$1.36 billion increase in direct spending for veterans' programs.

The Republican Members further recommend out-year funding for veterans discretionary programs as follows: \$58.4 billion for FY 2011, \$63.6 billion for FY 2012, \$68.7 billion for FY 2013, and \$72.8 billion for FY 2014, a total increase of \$14.6 billion over the Administration's projections. These more realistic estimates would adequately fund VA for the five year period, assuming medical inflation of 2.6% and increased workloads due to the restoration of health care eligibility for many priority 8 veterans, the drawdown in Iraq, and increased demand for VA health care from the economic downturn. We believe the Administration's out-year funding projections would result in serious budget shortfalls for veterans' healthcare.

The Administration's budget submission contains only a request for overall levels of funding for the Department of Veterans Affairs (VA), and a detailed request for FY 2010 will not be submitted to Congress until sometime in April. Consequently, an in-depth analysis of the Administration's budget request is not possible at this time, and these views and estimates may be subject to revision when more information is available from VA. We recommended increases for the specific accounts use FY 2009 appropriated funding levels as a baseline.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

Disability Compensation and Pension Service—The Republican Members are deeply concerned about the growing size of the backlog of claims for disability compensation. Despite large increases in staffing at the compensation and pension service (C&P), the backlog of pending claims continues to grow. There must be greater emphasis on training and accountability with new employees. Because rating specialists require an average of two years before becoming fully productive, comprehensive training is crucial. Therefore, the Republican Members recommend an additional \$16 million for Training and Performance Support Systems, and an additional \$4

million for skills certification for C&P employees as described in P.L. 110–389. The Republican Members also recommend at least an additional \$2.5 million to fund 30 additional FTEE for VBA’s National Training Academy in Baltimore, Maryland.

The Republican Members recognize that additional direct compensation FTEE alone will not improve the quality, accuracy, consistency, and timeliness in claims processing without corresponding increases in quality checks and business processing improvement. Therefore, we make the following recommendations to address this issue:

Systematic Technical Accuracy Review (STAR) Reviews—STAR reviews are one of many ways that VBA reviews the quality of their rating decisions. Despite the recent increase in the number of STAR reviews, Republican Members believe that too much emphasis continues to be placed on just quantity rather than on both quality and production. Deciding claims correctly the first time should be the emphasis, even if the initial adjudication period is somewhat longer. We recommend at least additional \$8 million to increase the number of STAR reviews and the FTEE that conduct STAR training at regional offices.

Rules Based Paperless Adjudication System—Additional staffing and training will not alone reduce the backlog. VBA plans to enhance its use of information technology to enhance claims processing abilities. They have begun this by funding a paperless claims processing initiative, known as Virtual VA, which will reduce reliance on burdensome paper claims files. Additionally, VBA must utilize rules-based technology to help claims adjudicators make rating decisions in a more accurate and timely manner. To replace the complicated, paper-driven process that is more than twenty-five years old, the Republican Members support such an initiative. This reflects our long-held position favoring increased use of information technology, and we recommend at least an additional \$170 million to fund this initiative.

Veterans Choice in Filing Pilot Program—The Republican Members also recommend \$5 million for a two-year pilot program in which veterans who live in the jurisdiction of VA regional offices in New York, New York; Newark, New Jersey; Atlanta, Georgia; and Detroit, Michigan would be able to submit disability claims to any VA regional office for adjudication. This pilot program would allow veterans to have their claims adjudicated at a VA regional office with a favorable performance record.

Concurrent Receipt—The Administration’s budget request proposes concurrent receipt for veterans who are medically retired and eligible for VA disability compensation. The Republican Members support eligibility for concurrent receipt of disability benefits from VA in addition to Department of Defense retirement benefits.

Economic Security Programs—The GI Bill and the VA Vocational Rehabilitation and Employment (VR&E) program are designed to ultimately lead to gainful employment and productive lives for those veterans who are able to work. The VA Loan Guaranty pro-

gram is designed to enable veterans to be a part of the American ideal of home-ownership, and VA insurance programs provide survivors with a measure of financial security. The VA Specially Adapted Housing and Adapted Auto grants provide severely disabled veterans increased mobility in and out of the home and for many severely disabled veterans make it possible for them to continue their working careers.

Increase in Vocational Rehabilitation Stipend—We must improve education and training opportunities for unemployed veterans to provide them with skills relevant to today's job market. We recommend \$357 million to allow an increase in the basic VR&E subsistence allowance from \$541 to \$1,200 per month. H.R. 297, to increase the VR&E subsistence allowance, would authorize such an increase to provide an adequate allowance for veterans and their families during participation in the program.

Re-authorize the VA Small Business Loan Program—Because small business creates the vast majority of jobs, we recommend reauthorization of VA's expired small business loan guaranty program with sufficient resources to guarantee \$1 billion in new loans to veteran-owned small businesses. H.R. 294, the Veteran-Owned Small Business Promotion Act of 2009, would authorize an updated small business loan guarantee. We also recommend \$400,000 in funding to support an additional 5 FTEE to manage the program, which would be operated under contract in a manner similar to VA's Insurance programs.

Improve SAH Funding—To improve the lives of severely injured veterans, we recommend that the Specially Adapted Housing (SAH) grants be increased to \$180,000 and \$36,000 respectively and the Adapted Auto grant should be increased to \$33,000. H.R. 1169, to improve Specially Adapted Housing, would authorize the increases.

Develop Assistive Technologies—We also recommend sufficient resources for the medical care account to include a grant program that would provide \$2 million per year to encourage development of advanced assistive technologies for the SAH program proposed in H.R. 1170, to develop assistive technologies for specially adapted housing.

Economic Opportunity Administration—The Republican Members believe that we should shift management of programs that promote economic security to a separate VA administration. Therefore, we recommend a budget with sufficient resources to create a fourth administration, the Veterans Economic Opportunity Administration, within the VA to manage the education, vocational rehabilitation and employment, loan guaranty, small business and homeless programs. Other than those related to the initial startup, there would not be significant costs to establish the new administration and it would not expand the federal bureaucracy.

NATIONAL CEMETERIES AND RELATED AGENCIES

Four departments or agencies within the Federal Government maintain the final resting place of veterans and dependents. These are the VA's National Cemetery Administration (NCA), which has jurisdiction over 125 national cemeteries; the American Battle Monuments Commission, which has jurisdiction over 25 overseas military cemeteries; the Department of the Army, which has juris-

diction over Arlington National Cemetery and the United States Soldiers and Airman's National Cemetery; and the Department of Interior, which has jurisdiction over historic 14 veteran cemeteries. Republican Members are concerned that with four different agencies overseeing these cemeteries, there are four different standards of upkeep and appearance.

To improve the overall upkeep and appearance at all our veterans' final resting places, we recommend a National Shrine Commitment for all veteran cemeteries. The funding from the commitment would be used on infrastructure projects such as irrigation improvements, renovation of historic structures, headstone cleansing, and road resurfacing. We recommend at least an additional \$300 million to continue the National Shrine Commitment at NCA. Additionally, we recommend at least \$3 million to fund a comprehensive and independent study of the cemeteries under the jurisdiction of other agencies besides NCA. This study would help identify areas that need to be improved to ensure the final resting place of all veterans is maintained in a manner that honors their sacrifices for our country. The Republican Members also recommend that the two open cemeteries under the jurisdiction of the National Parks Service be moved to the jurisdiction of the National Cemetery Administration and recommend at least \$4 million for such a move.

NCA Major Construction and Gravesite Expansion—The Republican Members recommend at least an additional \$125 million to accelerate NCA's five-year strategic plan to fund gravesite expansion. Republican Members also recommend at least an additional \$10 million for land acquisition construction initiative. This program provides the flexibility NCA needs to purchase land for future national cemeteries when it becomes available.

Grants for the Construction of State Cemeteries—The Republican Members also recommend an additional \$10 million for grants for the construction of state cemeteries. This program provides funding to states to build national cemeteries and requires that the state then pay all operation and maintenance costs once the cemetery is built. The program continues to have a waiting list and additional funding would provide better access to veterans cemeteries for veterans and their families.

VETERANS HEALTH ADMINISTRATION

Medical Services—The Republican Members recommend \$35.3 billion for medical services which is \$4.3 billion above the enacted FY 2009 amount for this account. This increase accounts for healthcare inflation, estimated workload, and the following initiatives:

Rural Health Care—We recommend at least a \$605 million increase to implement section 403 of Public Law 110-387 which establishes a three-year pilot program in five Veterans Integrated Service Networks (VISNs) for veterans in highly rural areas who elect to receive healthcare from non-VA healthcare providers;

Prosthetic Limb Program Modernization—We recommend at least a \$100 million increase to modernize VA's prosthetic limb

program, especially to meet the needs of the younger and more active amputees with the latest technology. It is vitally important that VA is capable of providing consistent and coordinated state-of-the-art care regardless of where the veteran amputee lives;

Mental Health Initiatives—We recommend at least a \$250 million increase to support the progress being made to implement the Mental Health Strategic Plan and hire additional new mental health professionals to ensure all veterans have access to these vital services at all VA medical centers and clinics throughout the system;

Military Vision Centers of Excellence and Eye Trauma Registry—We recommend at least a \$9 million increase for VA's participation in the establishment of these joint Department of Defense/VA centers and the eye trauma registry;

Caregiver Assistance—We recommend at least a \$25 million increase to expand current programs to support family caregivers and respite services under VA's Home Health Care services;

Home Improvement Structural Alterations (HISA) Grants—We recommend a \$5.5 million increase for a pending legislative change that would raise the maximum amount of the grants to \$6,800 for service-connected veterans and \$2,000 for non-service connected veterans;

Health Professional Educational Assistance Program—We recommend a \$25 million increase to provide scholarships to employees pursuing degrees or training in health care disciplines for which recruitment and retention of qualified personnel is difficult. We expect this additional funding to include support for the recruitment and retention of mental health care and other staff in rural settings;

Medical Care Collections Fund—According to the Congressional Research Service and VA budget data, medical care collections have fallen significantly under projections in four of the past five years for an average shortfall of 21%. While there was a 6% improvement for FY 2008, the Republican Members are concerned that VA will fall considerably short of meeting the ambitious 33% increase in collections projected in the Administration's FY 2010 budget request. Therefore, we recommend a \$536 million increase in medical services to ensure adequate funding will be available to support quality and timely health care for veterans;

CPAC Collections Program—The Republican Members recommend that the VA compress the five year timeline to three years for initiating seven Consolidated Patient Accounting Centers (CPAC). We appreciate VA Secretary Shinseki's willingness to consider this proposal. We support compressing the implementation timelines and reprioritizing the order of establishing the CPAC regions to three years in order to improve third-party collections and to maximize collections potential. We also support funding for the facilities, IT equipment, and personnel necessary for the consolidations.

Possible Administration Legislative Proposal—The Republican Members are very concerned about a proposal the Administration

is considering to bill third-party insurers of service-connected veterans for the treatment of their disability or injury incurred in the line of duty. We strongly believe that the same military values that guided these servicemembers in service to our country should define how our government provides services and assistance to them now as veterans. The prospect of VA collecting from third-party insurers for care provided for service-connected conditions is contrary to these military values and our obligation as a grateful Nation. In addition, such action could result in higher health care premiums and have the effect of requiring service-connected veterans to pay for their own care. We intend to protect and honor the service of our highest priority veterans with the investment of tax dollars adequate to provide for all service-connected care and we strongly oppose any attempt to allow VA to offset this absolute obligation with collections from private insurers.

Medical Facilities—The Republican Members recommend at least \$5.179 billion for medical facilities which is \$150 million above the enacted FY 2009 amount for this account.

Energy Initiatives—We recommend at least a \$150 million increase to implement planned energy initiatives and establish a long-term strategy for energy conservation and sustainability. This includes selected energy and water conservation measures, conducting renewably fueled electric/steam generation feasibility studies, and installing building level electric meters in medical facilities;

Medical and Prosthetic Research—We place a high premium on conducting research into injuries and illnesses related to military service that improves the medical treatment of veterans. We recommend at least \$51 million above the \$510 million enacted for this account in FY 2009.

VHA Major Construction Projects—We recommend at least \$1 billion, which is \$182 million above the FY 2009 level, to move forward with advance planning, completion of partially funded FY 2009 projects and to begin new projects on VA's prioritized list. The recommended amount for the advance planning fund is \$178.1 million and includes \$36.8 million to carry out section 804 of Public Law 109-461 for the design of a co-located joint-use medical facility in Charleston, South Carolina.

VHA Minor Construction Projects—We recommend at least \$691.3 million, which is \$66.06 million above the FY 2009 level. The increase includes funding for the installation of solar photovoltaic roof applications at medical facilities in coordination with other energy initiatives.

OFFICE OF INFORMATION AND TECHNOLOGY

The Republican Members believe that a top VA priority should be information technology (IT) systems that are standardized, integrated, secure, function properly, and should be funded sufficiently. We commend VA Secretary Shinseki for his support of continuing the consolidation of the department's IT infrastructure and funding. VA must increase funding to accelerate its migration of Veterans' Health Information System of Technology Architecture (VistA) into VA's new integrated enterprise health care system. The new system needs to incorporate data standards that allow

data sharing with other federal departments and agencies and also with private and public sector organizations. More importantly, VA and the Department of Defense (DoD) must be able to exchange critical medical and personnel information on all patients transitioning from DoD to VA. This information exchange must be done securely in real time, bi-directionally, and interoperably.

All VETSNET application development should be finalized and any further funding should be limited to final code conversion and operations and maintenance. VA should immediately begin to move beyond this 20-year old project to automate compensation and pension claims processing system.

Financial and Logistics Integrated Technology Enterprise (FLITE) is the follow-on to the failed Core-FLS system. It is essential that VA has an enterprise wide system that integrates financial management, asset management, logistics, accounting, purchasing, funds control, real property and inventory management. Funding levels should be sufficient to continue its implementation timelines. This program has been plagued with poor program management and dysfunctional procurements which need to be strengthened.

Virtual VA is a paperless delivery system that was conceptualized and demonstrated in 1999 as a VBA initiative to image all documents related to claims processing and benefits delivery. The serious document shredding incidents in various Regional Offices in 2008 reiterate the importance of electronically capturing all documents at the time of receipt. An additional \$170 million has been recommended under the compensation and pension service section.

OFFICE OF THE INSPECTOR GENERAL

For FY 2009, Congress appropriated \$72.5 million for the VA Office of the Inspector General (OIG). The OIG is responsible for the audit, investigation, and inspection of all VA programs and operations. Funding from appropriations at \$107 million and 537 FTEE provides resources to increase work on several oversight initiatives. These include expansion of the Consolidated Financial Statement (CFS) and Federal Information Security Management Act (FISMA) audits as well as expansion of OIG oversight in two sensitive and vulnerable VA program areas—health care for returning Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) veterans and VA information technology (IT). OIG has recently begun cyclical inspections of VBA regional offices, all of which are in critical need of OIG oversight. For the 3-year cycle necessary to cover the 57 regional offices, the Republican Members recommend an additional \$5 million to resource a second field division of 20 FTEE for this purpose with a special emphasis on claims processing. The total funding for the OIG recommended by the Republican Members is at least \$112 million, \$39.5 million above the FY 2009 level.

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING SERVICE

In the past, an economic downturn or industrial evolution has displaced significant numbers of mid-career workers, making their

skills irrelevant in the labor market. Such is the case today as the U.S. economy weakens and labor demands shift to new or expanding sectors. Therefore, the Republican Members recommend funding the Veterans Workforce Investment Program (VWIP) at a level of at least \$20 million. H.R. 295, More Training for Veterans Act of 2009, would authorize this funding. The VWIP program focuses on employment and training services to veterans needing new skill sets.

We also recommend funding a new retraining program managed by VETS at the level of \$100 million and an additional \$400,000 to support 5 additional FTEE as proposed in H.R. 1168. The program would include relocation assistance to ensure unemployed veterans are able to move to areas where their new job skills are in demand.

The number of homeless veterans has been a persistent national problem and reducing the number of the homeless veterans has been difficult. But there has been modest progress. Increasingly, homeless veteran community includes veterans with dependent children; therefore, we recommend an additional \$10 million for HVRP grants to providers who focus on services to homeless veteran families including family-style housing. We will also seek legislation to extend the current HVRP authorization through FY 2014 and urge the Budget Committee to include funding at the full authorized \$50 million per year.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

Improvements at Arlington National Cemetery—While recognizing that Arlington National Cemetery (ANC) is funded through the Department of the Army budget, ANC is a national cemetery over which the Committee on Veterans' Affairs has oversight. In order to ensure that this national shrine continues to have adequate capacity well into the future, the Republican Members recommend at least \$60.3 million for gravesite and columbarium expansion and utility improvements at ANC.